

System Development Charges and Participation Receipts

In addition to operating revenues and bond proceeds, funds are generated from (1) System Development Charges ("SDC's"), which are fees received for new connections to Denver Water's system, and (2) Participation Receipts, which are contributions paid by developers for the cost of specific facilities (e.g. distribution and transmission mains, pump stations and clear water reservoirs) to provide their developments with water service.

The System Development Charge ("SDC"), instituted in 1973, has provided a major source of funds for capital expenditures. Since 1973, Denver Water has collected approximately \$438.5 million in SDCs. This charge applies to any applicant who is granted a license to take water through Denver Water's system or through a system deriving its supply from Denver Water. Such charge is assessed upon application for a new tap and is based upon the (1) gross square footage of the single family residential lot or, (2) the number of units in a multiplex building up to 5 units or, (3) the size of the connection required. (See table on the following page.)

Since 1974, developers have been required to participate in the front-end financing of facilities necessary to meet their specific needs. Total participation receipts of \$115.8 million have been collected since inception.

On December 18, 2002, the Denver Board of Water Commissioners approved an average 9.2% increase for all treated water SDCs within Denver Water's Combined Service Area. Non-potable SDCs increased an average of 12.5%.

System Development Charges and Participation Receipts Collected (Cash Basis - net of amounts refunded) 1973 - 2002

		<u>SDC's</u>		<u>Participation Receipts</u>
2002	\$	36,590,914	\$	5,567,014
2001		22,186,342		7,026,906
2000		25,525,391		6,392,360
1999		24,223,691		11,963,951
1998		33,155,890		8,411,534
1997		45,058,104		3,732,524
1996		15,137,300		2,913,102
1995		15,527,600		3,927,400
1994		13,535,700		2,881,800
1993		12,181,800		1,343,600
1992		10,920,300		1,198,800
1991		7,530,400		2,330,700
1990		6,615,100		1,838,700
1989		6,251,400		4,965,200
1988		6,084,600		3,067,700
1987		8,544,400		4,561,300
1973-86		<u>149,473,600</u>		<u>43,647,100</u>
Total	\$	<u><u>438,542,532</u></u>	\$	<u><u>115,769,691</u></u>